



24 May 2023

Investment program and update of financial ambitions

Webcast Presentation

Forward looking statements



This presentation and related comments contain forward-looking statements.

Such statements are subject to many uncertainties and risks, as various factors of which several are beyond NKT A/S' control, may cause that the actual development and results differ materially from the expectations.



Today's presenting team



Claes Westerlind
President & CEO



Line Andrea Fandrup
CFO

Key messages in today's announcement



- The high-voltage power cable **market has grown significantly in recent years and the outlook remains positive** driven by the transition to renewable energy and electrification of societies
- To deliver on this significant order intake as well as a continued strong market outlook, NKT will **invest approx. EUR 1bn in additional high-voltage production and installation capabilities and capacity**
- With the new RoCE accretive investment program and an improved high-voltage order backlog visibility and quality, **NKT's medium-term financial ambitions are upgraded and extended**
- **NKT intends to raise around EUR 350m through a rights issue** which will provide the required capital structure to drive the planned high-voltage investment program

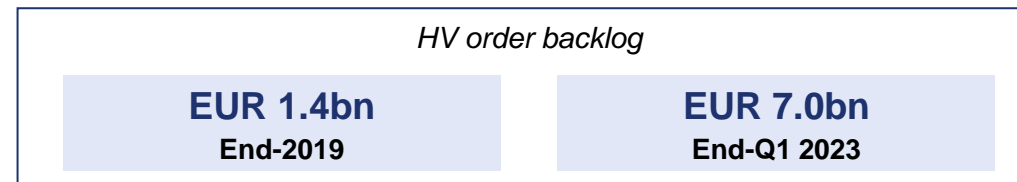
NKT has delivered on targets and strengthened its foundation for growth



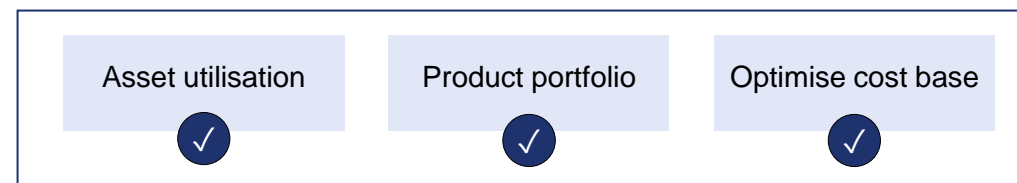
Improving financial performance



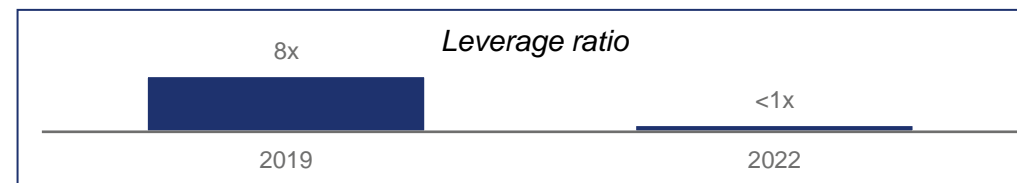
Growing in attractive HV market



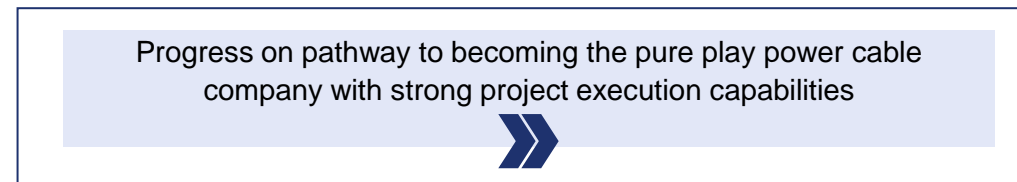
Undertaking efficiency measures



Strengthening balance sheet

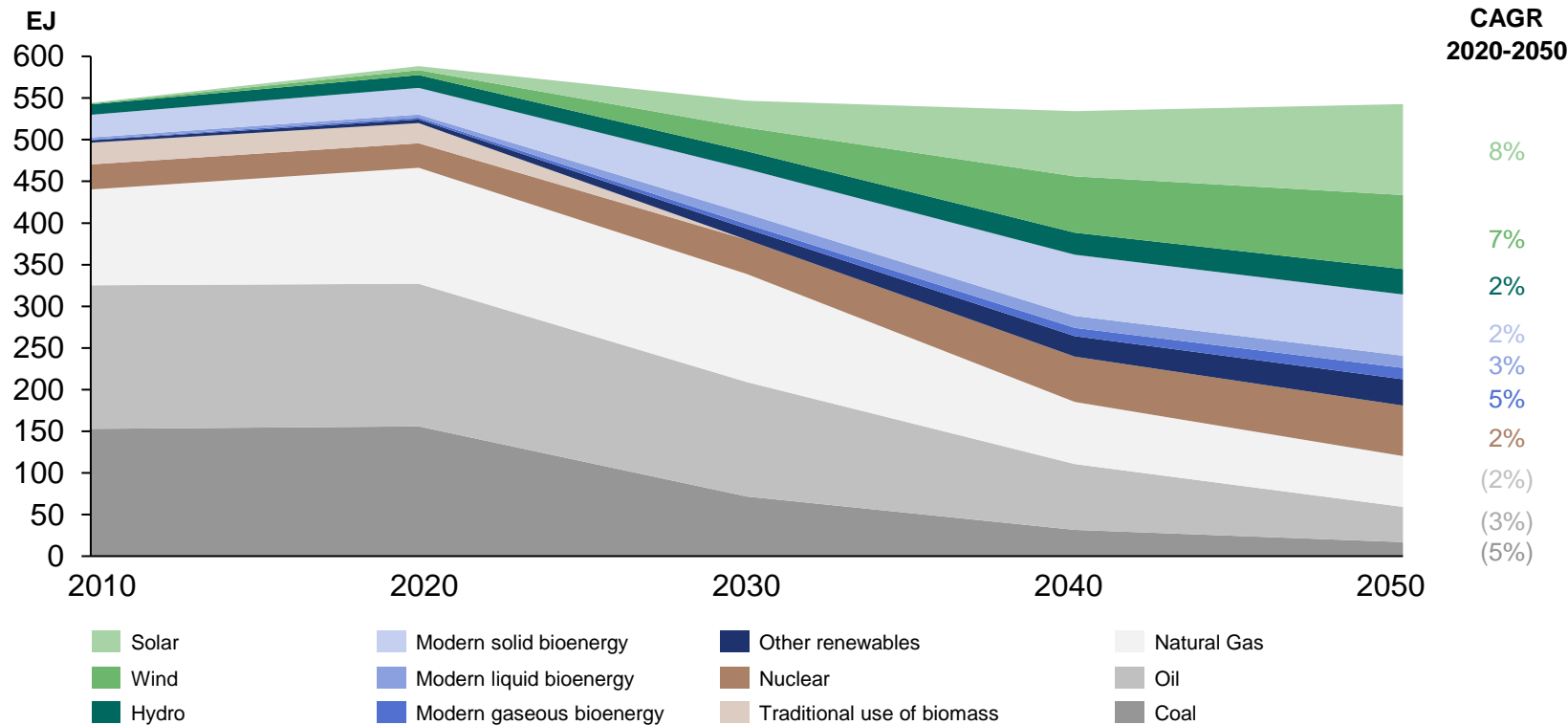


Focus on core power cable business execution



Global Net Zero Emission ambitions and demand for energy security **will transform energy generation mix towards 2050**

Global Annual Energy Generation – Net Zero Emission scenario



By 2050, **70%** renewable share in energy generation is targeted

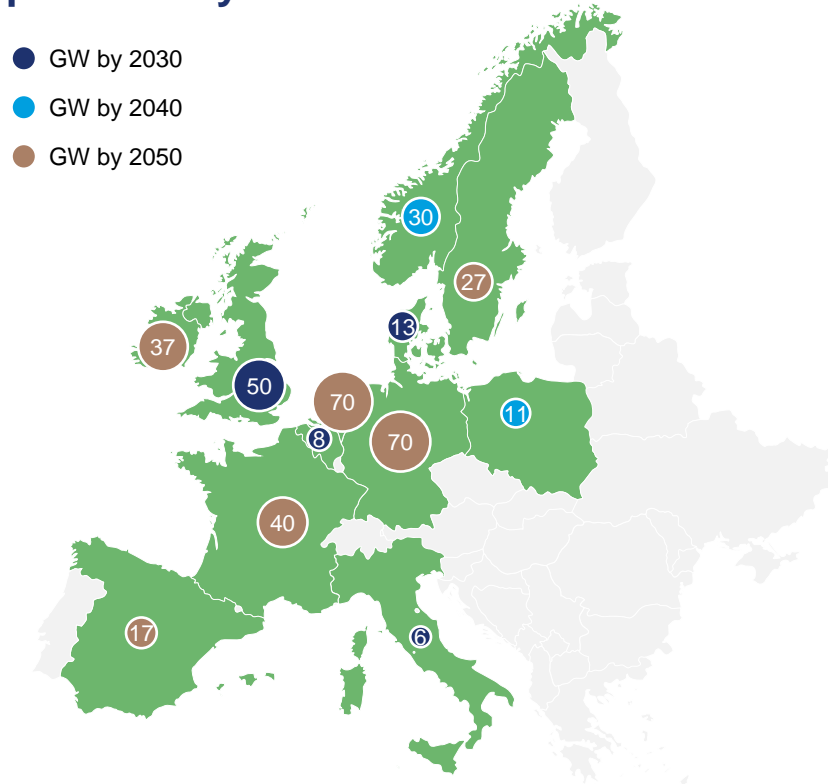
Power cable systems are required for:

- Generation
- Transmission
- Distribution

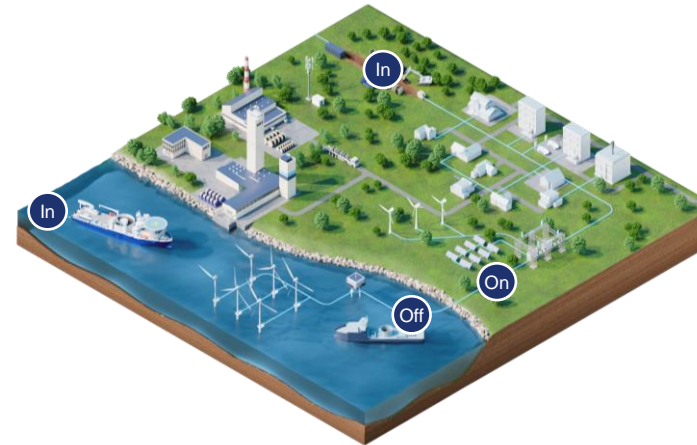
Europe has ambitious **offshore wind expansion plans** – and NKT has the right product offering to aid it in achieving them



Offshore wind expansion ambitions per country



NKT offers wide range of high-voltage solutions



Key solutions:

- Interconnectors
- Offshore wind
- Power-from-shore
- Underground

- Off Offshore AC and DC power cable solutions
- On Onshore AC and DC power cable solutions
- In Installation offshore and onshore

The **green transition** in Europe is accelerating with strong political support and ambitious targets

Europe aims for at least **300 GW** offshore wind **generation** by 2050

One third of the combined EUR 1.8 trillion investments from the NextGeneration EU Recovery Plan and EU's MFF* are **earmarked to fund climate-related projects**

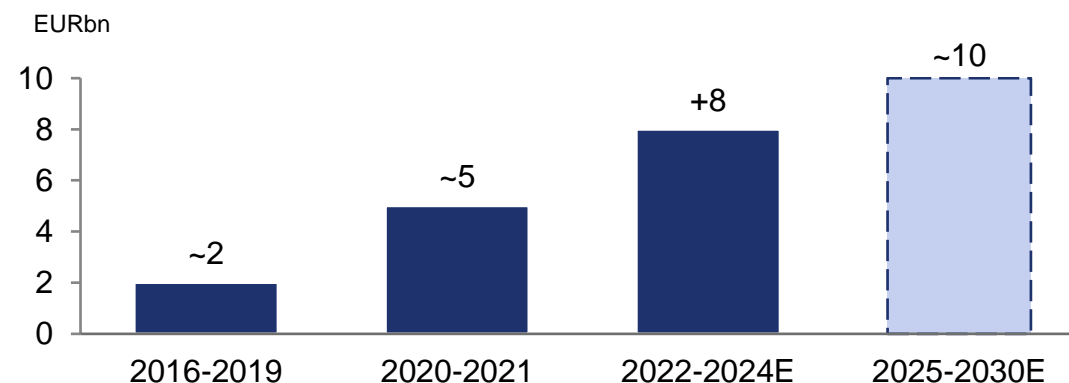
NKT has an entrenched position in the high-voltage power cable market thanks to its demonstrated track record of key order wins



Notable order awards (2020-22)

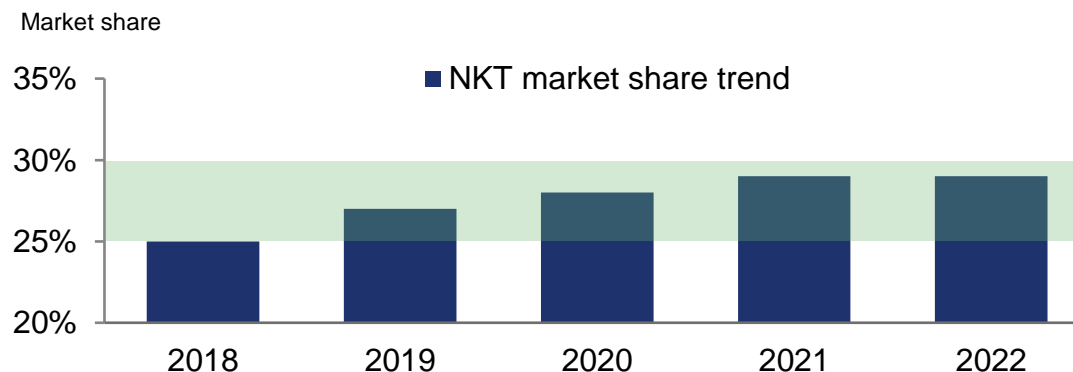
	Project		EURm	GW
2020	Shetland		~235	0.6
	BorWin5		<250	0.9
	Attica-Crete		~115	1.0
	Sued-OstLink		~500	2.0
	SuedLink		>1,000	2.0
2021	Troll West		~95	0.1
	Dogger Bank C		~280	1.2
2022	Champlain Hudson		>1,400	1.3
	SuedOstLink 2nd system		<700	2.0
	Hertel – New York		~90	1.3
	Hugin A and Munin		~155	0.1
	Draugen and Njord		~160	0.1
Annual average (incl. other projects) 2020 – 2022			>1,800	

Annual high-voltage project market awards*



2023-2024E could be significantly larger, depending on the development of several sizable projects including multi-year frame agreement volumes

NKT historical market share*



NKT on the front-foot – capturing its fair share of the market

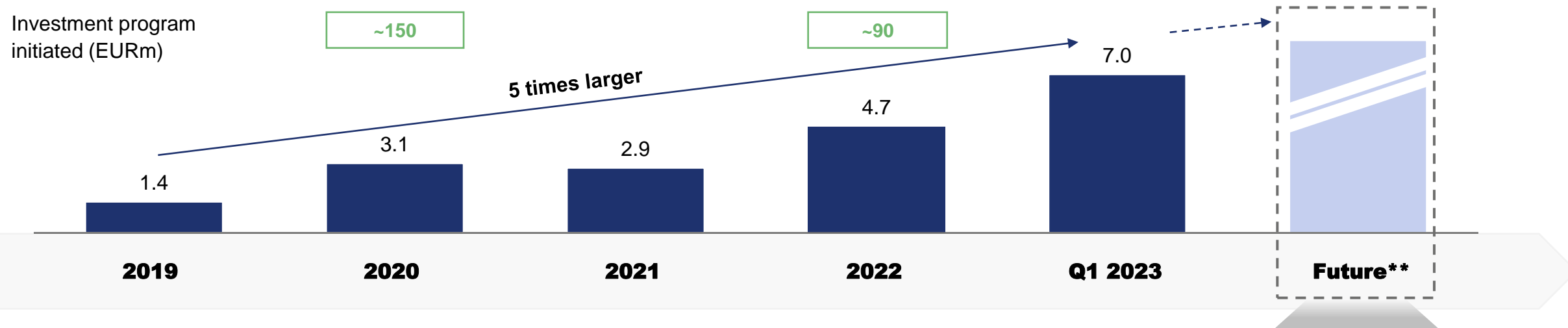
* Based on NKT's addressable high-voltage power cable market

Unlocking further growth and record high-voltage order backlog through investments



Evolution of NKT high-voltage order backlog (EURbn)*

Investment program initiated (EURm)



Key project awards post Q1 2023

	Biscay Gulf interconnector	TenneT framework agreement***
Announcement date	5 May 2023	5 May 2023
Expected commissioning	2028	Up to 2031
Order value	EUR >600m	EUR ~1.5bn****
Key stats	400kV HVDC XLPE 1 GW	525kV HVDC XLPE 2 GW












✓ EUR ~1bn investment program initiated to further strengthen NKT's leading position



* Market prices; ** Indicative and not-to-scale; *** Contracts awarded to NKT : Nederwiek 3, Doordewind 1 and Doordewind 2, and **** Covers the majority of the project scope.

NKT has **technologically advanced capabilities** for delivering turnkey high-voltage off- and onshore power cable solutions



	Today	Post investment	Key comments
High-voltage factories	<div>2</div> <div> Karlskrona "North"  Cologne</div> <div> </div>	<div>3</div> <div>  </div>	<ul style="list-style-type: none">✓ Expansion will add end-to-end production capacity next to the existing facility in Karlskrona
Cable-laying vessels	<div>1</div> <div>NKT Victoria</div> <div></div>	<div>2</div> <div> </div>	<ul style="list-style-type: none">✓ Market leading vessel with record-high power cable-laying capacity
Investing for growth	<div>2017: EUR ~836m  HV cables</div> <div>2020: EUR ~150m Karlskrona and Cologne expansion</div> <div>2022: EUR ~90m Karlskrona expansion</div>	<div>HV investment program</div> <div>EUR ~1bn</div> <div>2023-2026</div>	<ul style="list-style-type: none">✓ New assets will be operational from 2027✓ Will strengthen NKT's market leading position significantly

Ongoing expansion of NKT's high-voltage site in Karlskrona to support the green transition



2010 – 2015

- Northern factory and office
- New test halls
- New harbor



2015 – 2017

- Storage capacity
- New vessel, NKT Victoria



2020 – 2023

- Second extrusion tower, NKT Lighthouse
- Additional machine lines



2023 – 2026

- Expanded production capacity including a third extrusion tower

Karlskrona has consistently been at the forefront of offshore HVDC power cable manufacturing



EUR ~1 bn capability and
capacity investment and
more than 500 new jobs
in Solutions in Karlskrona



NKT



**New market leading vessel with
record-high power cable-laying
capacity**

Step change in ambitions going forward...

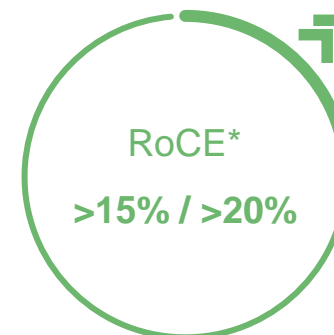
New financial ambitions



2021-2028



2025 / 2028



2025 / 2028

...marked up-tick in expected financial performance versus NKT the Capital Markets Day in 2022

	Ambitions as of Sep 2022	New financial ambitions	
Organic growth	CAGR >12% 2021 - 2025	CAGR >12% 2021 - 2028	↑ <i>Expected to deliver on previously communicated organic growth CAGR 2021 - 2025 of >12%</i>
Operational EBITDA	Margin of ~12-16% 2025	EUR >300m / >550m 2025 / 2028	↑ <i>Expected to deliver in upper half of previously communicated 2025 operational EBITDA margin range of 12-16%</i>
RoCE*	>12% 2025	>15% / >20% 2025 / 2028	↑ <i>Expected to deliver above previously communicated 2025 RoCE ambition</i>
Return from the investment is expected to be fully accretive once in operation from 2027			

* RoCE defined as Operational EBIT for continuing operations as a percentage of average of the last five quarters of capital employed for continuing operations with capital employed defined as group equity plus net interest-bearing debt

Delivering on the medium-term financial ambitions is based on several assumptions



The most critical are listed below



Market demand supporting continued favourable supply/demand balance



Ensure further high-voltage project awards securing high utilization of production and installation assets



Stable development of the global economy



Satisfactory execution of high-voltage investments and projects to deliver on expected profitability margin

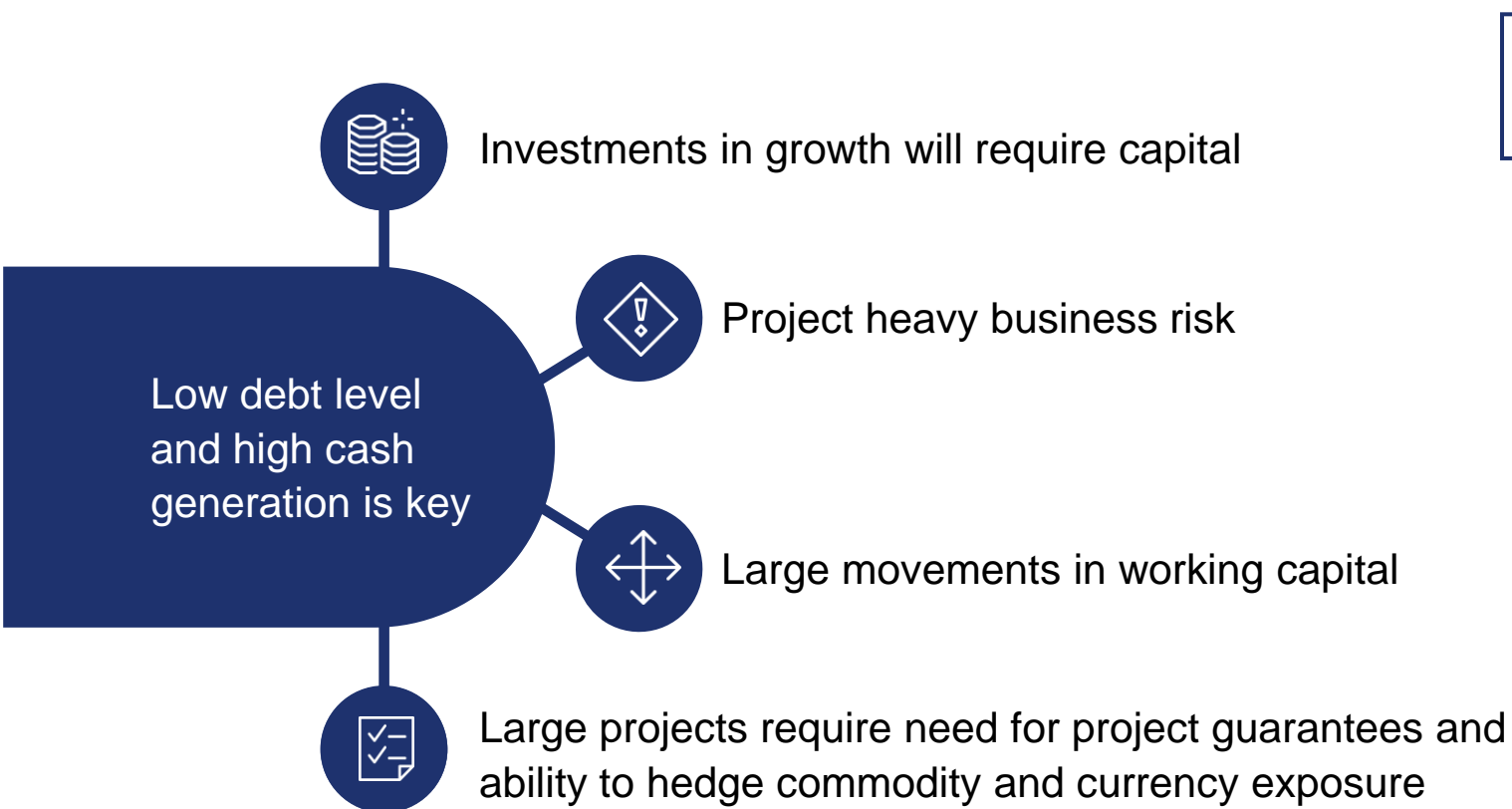


Stable supply chain with limited disruptions and access to the required labour, materials and services



Stable development in metal prices

NKT's business model requires a robust capital structure



<1.0x

Previous ambition

Leverage ratio*

<0.0x

Solvency ratio

>30%

Dividends

1/3

of net result if capital structure allows

* Leverage ratio is defined as Net interest-bearing debt relative to operational EBITDA and Solvency ratio is defined as Equity incl. hybrid capital as a percentage of total assets

Planned **capital raise** to enable future growth



Offering structure

- **Timing not communicated yet and will be subject to market conditions**
- **Issuance of new shares with pre-emptive rights to existing shareholders**

Offering size

- **Intends to raise net proceeds of approx. EUR 350m, subject to market conditions**

Use of proceeds

- **Provide flexibility to act on growth opportunities**
- **Fund value enhancing investments in Solutions**
- **Strengthen NKT's capital structure for future growth**

Update of divestment of NKT Photonics

- On 24 June 2022, NKT entered into an agreement to divest NKT Photonics to Photonics Management Europe S.R.L, a 100% owned subsidiary of Hamamatsu Photonics K.K.
- Required regulatory approvals had been obtained from authorities in Germany, the United Kingdom, and the United States.
- However, on 2 May 2023, NKT received notification that the Purchaser has been denied the authorization under the Danish Investment Screening Act needed for the Purchaser to proceed to complete the transaction and acquire NKT Photonics
- NKT awaits the Purchaser's further actions in response to the decision and, separately, NKT evaluates its options considering the decision. NKT deems to be contractually well protected against the situation
- The Board of Directors still intends to divest NKT Photonics. The longer than expected process will not impact the targeted amount in the intended rights issue



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QUESTIONS & ANSWERS